

Climate Finance Advisory Service

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Daily Briefing

11th Standing Committee on Finance Meeting (28 October 2015)

This is the Climate Finance Advisory Service (CFAS) Daily Briefing. Produced at key meetings and negotiations by the CFAS expert team, the Daily Briefings try to provide a concise, informative update on key discussions that have taken place at each day of the meeting and give an overview of substantive points of action or progress. Please note that this is an independent summary by CFAS and not officially mandated by the SCF.

Summary from 28 October 2015

On Wednesday 28 October 2015, the Standing Committee on Finance concluded its 11th meeting, by bringing together the work conducted in the various breakout groups over the course of the previous two days.

2016 SCF Forum

Following the invitation by the Executive Committee on the Warsaw International Mechanism for loss and damage, the SCF agreed to dedicate its 2016 Forum on financial instruments that address the risks of loss and damage associated with the adverse effects of climate change. To facilitate this work, a working group was established that will coordinate the SCF's work for the preparations of the Forum, inter alia, to (i) develop a draft concept note; (ii) define an outreach strategy and undertake a mapping of relevant stakeholders; and (iii) explore options of possible events and organizations to partner with in the organization of the Forum.

Members generally welcomed the theme for the fourth SCF Forum, highlighting that relevant stakeholder should be consulted throughout the preparations as early as possible.

Draft Guidance to the Operation Entities of the Financial Mechanism

Based on the discussions that took place in the breakout group, the SCF agreed on draft guidance to the operating entities of the financial mechanism - the Green Climate Fund (GCF) and the Global Environment Facility (GEF) - based on a technically refined compilation of submissions made by SCF members, the Adaptation Committee (AC) and the Technology Executive Committee (TEC). In regard to the frequency of guidance, the SCF concluded that further considerations are necessary in order to finalize work on this issue. Nevertheless, the SCF identified three options for the consideration by the

COP, with a view for the COP to take a decision on this matter at a future session: (i) guidance to be provided every year; (ii) guidance to be provided every two years; and (iii) guidance to be provided every four years. On a similar note, in the context of conducting an analysis of past guidance provided, in order to identify a set of core guidance, the SCF felt that additional work is necessary in 2016 in order to further refine the compilation and analysis of past guidance provided and initiate the development of a draft set of guidance to both GCF and GEF.

Members welcomed the work undertaken by the breakout group, not only during this meeting, but also throughout the year. Some members felt that having draft guidance to the operating entities in the form of concrete decision text was a great improvement over the last years, where the SCF just forwarded an overview table with elements for guidance to the GEF and GCF to the COP. However, highlighting the fact that the draft decision was a not negotiated text that simply captures the essence of the various submissions, some members questioned the added value of this exercise, given that the COP will most likely reopen the decision text when considering the issue and entering into an actual negotiation mode.

2016 Biennial Assessment (BA)

At this meeting, the SCF was invited to adopt the draft outline of the second BA. Compared to the version of yesterday, there were only few suggestions. Most of them were related to new features, e.g. the relation of the BA with the USD 100bn goal as well as how the SCF should improve the assessment based on the recommendations made during the first BA. In addition, the upcoming BA will also look at how adaptation and mitigations needs are addressed as well as finance for forests and loss and damage.

MRV of support beyond the Biennial Assessment

With regard to the work plan for MRV, the co-facilitator presented two tables; the first identifying the gaps in the three different pillars (measurement, reporting and verification) forming the framework, and the second containing recommendations on processes to be submitted to the COP. However, one SCF member pointed out that her understanding of yesterday's meeting was that members agreed to only forward the second table containing the recommendations, as the first is perceived only as information for the committee itself. Other members saw no harm in communicating the gaps identified in the regime to the COP, as those gaps need to be addressed in the process towards designing the MRV regime. Further, the recommendations also identified the necessity for developing countries to report in their Biennial Update Reports (BURs) the finance received. To this end, the committee needs to develop methodologies and provide guidance for reporting by developing

countries. In terms of verification, there was a proposal to extend the mandate of the Multilateral Assessment (MA) to also include the financial part of the Biennial Reports (BRs).

However, because of the divergences in the different views there was no consensus whether to annex the recommendations to the SCF report to the COP. Rather, there was an agreement to put a reference to the SCF recommendations on the SCF website.

Outcomes of the 2015 SCF Forum

The breakout group on the outcome of the 2015 SCF Forum agreed on draft conclusions and draft recommendations to the COP, which were endorsed by the rest of the SCF members. Furthermore, the breakout group also agreed on draft follow-up activities in 2016, which will also be reflected in the 2016 SCF work plan, such as (i) including an overview of forest finance flows in the 2016 Biennial Assessment; (ii) reaching out to entities and other relevant stakeholders working on forest finance to strengthen the coherence and coordination between the forestry sector and sectors that drive deforestation and forest degradation, and (iii) organizing a dedicated SCF side-event in conjunction with an UNFCCC conference session in 2016, to facilitate the interactions among the financing entities providing forest finance. Finally, the SCF also agreed on the draft summary report on the 2015 SCF forum, which will be included in the SCF report to COP 21.

Institutional linkages and relations between the Adaptation Fund and other thematic bodies

The co-facilitators presented the report of the breakout group on future linkages and relations between the AF with other bodies of the Convention as well as the draft conclusions and draft recommendations prepared by the Secretariat based on the discussion in the breakout group. The issue of institutional linkages was discussed contentiously. The main points for discussions were two recommendations: one requesting the COP to request the SCF to provide annual guidance to the AF Board; and one to consider that the COP designates the AF as an operating entity of the financial mechanism. Some members questioned the technical and legal feasibility of these options, and were of the view that because of the lack of consensus on the two options, the SCF could not include them in its recommendations to the COP. On the other hand, one member highlighted that those options had been prepared following advice by the secretariat on their technical and legal feasibility, and that it was rather a political question. It was further stressed that the SCF is a technical body that should assist the COP by presenting technical options for consideration. Two other recommendations were adopted, both related to further continuation and strengthening of collaboration between the AF and the different bodies of the convention.

After long discussions and interaction among the different SCF members, the Committee agreed to submit the two contentious options to the COP with a disclaimer that there was no consensus among its members.

Other matters

Before closing the meeting SCF members considered the official report by the SCF to the COP, and elaborated on the skeleton of its 2016-2017 work plan, noting that additional mandates might be given to the SCF by COP21 which will be integrated when the SCF formally agrees on its work plan at the beginning of 2016. The draft report to the COP will be circulated amongst SCF members for final comments and intersessional adoption on a non-objection basis.

Finally, the SCF also considered tentative dates for SCF meetings in 2016: SCF 12 to be held from 29-31 March 2016 (tbc), SCF 13 to be held from 28-30 June 2016 (tbc) and SCF 14 to be held 28-30 September 2016 (tbc).

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